

Message Text

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REF: PANAMA 2081

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SUBJECT: HIGHLIGHTS OF 401TH MEETING, APRIL 30

1. AMBASSADOR BUNKER VOA INTERVIEW: MEETING COMMENCED WITH PREVIEW OF ENGLISH VERSION OF BUNKER VOA INTERVIEW ON TREATY NEGOTIATIONS. AMBASSADOR STATED THAT BEFORE DISTRIBUTING FILM TO LOCAL TV STATIONS HE WISHED SHOW IT TO PRC PRINCIPALS AND WILL ALSO SHOW IT TO FONMIN TACK OR OTHER SENIOR GOP OFFICIALS. AT CONCLUSION OF PROGRAM CINC OBSERVED THAT THERE IS A NEED FOR MUCH MORE OF THAT TYPE OF MATERIAL FOR DISSEMINATION TO PUBLIC. HE COMMENTEDIHE WAS DISMAYED TO DISCOVER DURING HIS RECENT LEAVE IN U.S. HOW LITTLE PUBLIC IS INFORMED ABOUT CANAL ISSUES, THE 8 PRINCIPLES AND GENERAL OUTLING OF PROPOSED NEW TREATY. CINC SAID THAT AS RESULT OF THURMOND RESOLUTION AND SIMILAR PUBLIC PRONOUNCEMENTS, MOST PEOPLE SEEM TO HAVE A NEGATIVE FEELING TOWARD TREATY WHICH THEY CHARACTERIZE AS A "GIVEAWAY,"

2. CHORRERA-TOCUMENT HIGHWAY BRIEFING: PANCANAL OFFICIAL PRESENTED DETAILED BRIEFING OF FEASIBILITY STUDY CARRIED OUT ON PROPOSED CHORRERA-TOCUMEN HIGHWAY LINK WHICH
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INVOLVES NEW BRIDGE CROSSING OF CANAL. BRIEFER SUMMARIZED

SIX ALTERNATIVE PROPOSALS FOR FINANCING AND US-GOP SHARING THE APPROXIMATELY \$56 MILLION COST OF CANAL ZONE PORTION OF THE PROJECT. GOVERNOR STATED PRC WILL HAVE TO COME TO GRIPS EVENTUALLY WITH QUESTION OF FINANCING BUT HE WAS NOT ENCOURAGED BY THE CURRENT PANCANAL FINANCIAL DIFFICULTIES AND THE CAPABILITY OF MAINTAINING EVEN A MINIMUM CAPITAL IMPROVEMENT PROGRAM WHICH COULD AMOUNT TO \$50 MILLION ANNUALLY. GOVERNOR AGREED WITH CINC'S COMMENT THAT THERE IS UNDERSTANDABLE RELUCTANCE TO UNDERTAKE LARGE EXPENDITURES IN LIGHT OF A NEW CANAL TREATY WITH LIMITED DURATION. HOWEVER, GOVERNOR ADDED, CONGRESS AND PANCANAL BOARD AT PRESENT SEEM WILLING TO PROCEED WITH EXPENDITURES AND PROGRAMS "WHICH ARE NECESSARY" FOR THE CANAL.

3. GOP DIPLOMATIC CAMPAIGN: AMBASSADOR DESCRIBED RECENT DIPLOMATIC DEVELOPMENTS HIGHLIGHTED BY TORRIJOS TRIP TO CENTRAL AMERICA AND TACK'S VISITS TO BRAZIL, VENEZUELA, COLOMBIA. HE LISTED TORRIJOS BASIC OBJECTIVES AS (1) TO FURTHER COOPERATIVE EFFORTS AMONG BANANA PRODUCING NATIONS WITH RESPECT TO A UNIFORM TAX, AND ALSO TO EXPLORE REPERCUSSIONS OF HONDURAN BRIBE SCANDAL; (2) TO SOLICIT CA SUPPORT FOR GOP POSITION ON CANAL TREATY; AND (3) TO SEEK SUPPORT FOR PANAMANIAN EFFORTS TO SECURE UNSC SEAT. AMBASSADOR SAID TACK ALSO SEEKING LA SUPPORT FOR PANAMANIAN CAUSE WHICH SO FAR APPEARS SOLID ALTHOUGH OF VAGUING INTENSITY. AMBASSADOR ALSO REPORTED BEHIND THE SCENES STRUGGLE WITHIN GOP BETWEEN ELEMENTS SEEKING NATIONALIZATION OF UNITED BRANDS ASSETS AND THOSE WHO ARE PROPOSING A FORM OF JOINT ENTERPRISE IN WHICH GOVERNMENT AND COMPANY SHARE CONTROL OF OPERATION.

4. MOOD IN WASHINGTON: GOV. PARFITT DESCRIBED HEARINGS OF APPROPRIATIONS COMMITTEE AND PANCANAL SUBCOMMITTEES AS FOLLOWS: (A) US PANCANAL EMPLOYEES LAMENTED LACK OF INFORMATION ON TREATY NEGOTIATIONS AND WORRIED ABOUT IMPACT OF TREATY ON THEIR INTERESTS. THEY ALSO REFLECTED DEEP CONCERN THAT STATE DEPARTMENT WOULD BYPASS CONGRESS AND IMPLEMENT A TRANSFER OF CANAL JURISDICTION. (B) NON-US EMPLOYEES WORRIED ABOUT DISCRIMINATION AND STRONGLY ADVOCATED INTEGRATED SCHOOLS AND OPEN HOUSING POLICY. (C) LABOR UNIONS

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CAME OUT FOR SAFEGUARDING OF THEIR ECONOMIC GAINS AND PRESERVATION OF COLLECTIVE BARGAINING. AT PANCANAL BOARD MEETING PRINCIPAL CONCERN REVOLVED AROUND ERODING FINANCIAL SITUATION COMPOUNDED BY EFFECTS OF REOPENING OF SUEZ AND WORRY OVER POSSIBLE NEED TO EFFECT ANOTHER TOLL INCREASE.

5. MOOD IN CANAL ZONE: GOVERNOR STATED THAT CONGRESSIONAL HEARINGS AND BOARD MEETING HIGHLIGHTED THE

POTENTIAL FOR EROSION OF EMPLOYEE MORALE AND DEGRADATION OF PERFORMANCE LEVELS. GOVERNOR REITERATED NEED OF LETTER FROM AMB BUNKER WHICH COULD BE PUBLISHED IN SPILLWAY (PANCANAL HOUSE ORGAN) IN ORDER TO REFUTE SPATE OF RUMORS NOW CIRCULATING IN ZONE. (NOTE: AMB BUNKER'S LETTER ARRIVED LATER SAME DAY AND WAS TO BE PRINTED IN SPILLWAY MAY 2).

6. SQUATTERS: CINC REPORTED THE VIGOROUS PLANS BEING PURSUED BY GUARDIA NACIONAL (GN) TO REMOVE SQUATTERS FROM CANAL ZONE. HOUSING HAS BEEN READIED FOR MANY SQUATTERS IN REPUBLIC. CINC SAID GN APPEARS DECIDED TO USE FORCE IF NECESSARY AND HAS ASKED PERMISSION TO ENTER ZONE UNACCOMPANIED BY US TROOPS. SUCH PERMISSION HAS BEEN GRANTED AND CLOSE LIAISON IS BEING MAINTAINED THROUGH GN OFFICERS WORKING WITH CZ AUTHORITIES.

7. CUBAN VEHICLES: CINC DECLARED TWO ADDITIONAL CUBAN VEHICLES HAVE BEEN SPOTTED IN CANAL ZONE MILITARY INSTALLATIONS. CINC HAS BEEN INFORMED BY JCS THAT IT IS WITHIN HIS POWER TO ORDER MORE STRINGENT SECURITY MEASURES BUT THAT DIPLOMATIC VEHICLES SHOULD NOT BE SEARCHED. NO DECISION HAS BEEN TAKEN REGARDING THE MEASURES TO BE TAKEN.
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